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FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC PRIORITY 2706
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY
RUCNCIS/CIS COLLECTIVE PRIORITY
RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY
RUEHAK/AMEMBASSY ANKARA PRIORITY 5122
RUEHBJ/AMEMBASSY BEIJING PRIORITY 2872
RUEHKO/AMEMBASSY TOKYO PRIORITY 2737
RUEHIT/AMCONSUL ISTANBUL PRIORITY 3366
RUEKJCS/JOINT STAFF WASHDC PRIORITY
RHMFIUU/CDR USCENTCOM MACDILL AFB FL PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RHEFDIA/DIA WASHDC PRIORITY
RUEHRC/DEPT OF AGRICULTURE WASHDC PRIORITY
RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

UNCLAS ASHGABAT 000519

SENSITIVE

SIPDIS

STATE FOR SCA/CEN
ANKARA FOR AGRICULTURAL COUNSELLOR

E.O. 12958: N/A

TAGS: [EAGR](#) [ECON](#) [ETRD](#) [PGOV](#) [SOCI](#) [TX](#)

SUBJECT: TURKMENISTAN: PRICE CONTROLS ON FOOD REMAIN IN PLACE;
GOVERNMENT LOANS STIMULATE POULTRY PRODUCTION

¶1. (U) Sensitive but unclassified. Not for public Internet.

¶2. (SBU) SUMMARY: A recent price check in local markets revealed that, compared with December 2008, posted prices reflected a 26 percent average decrease for basic imported food items, and a 17 percent average decrease for locally produced food. Despite the posted prices, food items were actually being sold at prices that were ten percent higher than the Government imposed price caps. END SUMMARY.

¶3. (SBU) A recent price check in local markets revealed that compared to December 2008, posted prices for imported food items, including butter, vegetable oil, sugar, and flour, showed a 26 percent average decrease and prices for locally supplied food items, including meat and chicken, showed a 17 percent average decrease due to the mid-March introduction of the Government's price caps. A food vendor at the Russian Bazaar in Ashgabat told local Pol/Econ staff that the bazaar's administration requires posted prices to reflect the Government's price caps. However, food vendors were selling their products at individually negotiated prices, which were 11 to 15 percent higher than posted prices. For example, while the posted price for a kilo of lamb was 39,000 manat (\$2.74), a meat vendor offered it for a 45,000 manat (\$3.16). A whole chicken at a posted price of 40,000 manat (\$2.81) was offered for 45,000 manat (\$3.16) per kilo. A kilo of beef was offered for 50,000 manat (\$3.52) per kilo against the posted price of 45,000 manat per kilo (\$3.16). (NOTE: The current exchange rate is USD/14,215 old Turkmen Manat or 2.84 new Turkmen Denominated Manat. For convenience, food vendors at the bazaar still post their prices in old Turkmen Manat. Only state shops post prices in new Turkmen Denominated Manat. END NOTE.) Local people have a common understanding that if they demand that vendors sell at the Government imposed prices, they will get poor quality products or be cheated on the scale.

¶4. (SBU) The Government introduced the recent cap on food prices in the middle of March after the President demanded lower food prices for the population. Since 2005 the Government has periodically imposed price controls on food by enforcing price caps for certain food items. These have included meat, the price of which has

steadily increased due to the increased cost of inputs, and chicken and eggs, prices for which were always high due to their short supply. The Government continues to buy low quality "buffalo meat" from India and American chicken legs ("Bush legs") to offer alternative meat at affordable prices to Turkmenistan's low-income population. The price of "buffalo meat" is 40,000 manat/kilo; a kilo of "Bush legs" is offered for 34,000 manat.

15. (SBU) President Berdimuhamedov appears to have a better understanding of the market economy than his predecessor and has not relied exclusively on price controls to address the issue of food prices. In March, 2008 he offered a favorable loan program to support domestic poultry production. The program started in June of 2008, and currently, the local market is self-sufficient in locally supplied chicken and eggs. In 2007, the price of chicken was 60,000 manat/kilo and eggs 30,000 manat per ten eggs. The current price is 45,000 manat and 15,000 manat, respectively.

16. (SBU) COMMENT: The Government's program to support domestic poultry producers in order to meet local demand for poultry products and lower their prices proved to be successful. In order to lower meat prices, the Government needs to offer a comparable program for livestock producers. END COMMENT.

MILES